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The Feed

Gulp! Burger King Is on the Rebound



Timothy A. Clary/Agence France Presse - Getty Images

Burger King himself at the Super Bowl. The chain has sponsorships with the National Football League, as well as Nascar.

BURGER KING may offer a menu full of gut-busters and may nickel and dime farm laborers. But there's one thing you have to give it credit for: it knows its demographic.



High-rise burgers called BK Stackers are helping sales.



In the “Whopper Freakout” ad campaign, the camera records customers’ reactions when they are denied a Whopper.

Take a look at some items on its menu: BK Stackers, with up to four patties of meat; the Enormous Omelet Sandwich; the Oreo BK Sundae Shake.

Burger King has sponsorships with the National Football League and [Nascar](#) and tie-ins with “The Simpsons Movie.” It even came up with an Xbox game that sold more than 3.2 million copies last year.

Dude, bring on the Whoppers!

“They hit a core demographic group — 18-to-24 males — and give them what they want,” said Bob Goldin, an executive vice president of Technomic, a food industry research and consulting firm.

Burger King’s laserlike focus on the testosterone crowd has prompted a turnaround that has been easy to miss, given the phenomenal roll [McDonald’s](#) has been on for the last few years. Indeed, Burger King’s rebound isn’t nearly as profitable or sustained.

But after years of misdirection and turmoil with its franchisees, Burger King has had some success.

The company has recorded 16 consecutive quarters of growth in same-store sales — those open at least a year, a common industry measure. And in the last quarter, reported on Jan. 31, Burger King posted a remarkably strong 4.5 percent gain in same-store sales, even as McDonald’s and its other competitors showed recent signs of weakening amid a souring economy.

Burger King’s strong sales were bolstered by a terrific new ad campaign, the “Whopper Freakout,” that uses a hidden camera to record customers’ reactions when they are served Big Macs or [Wendy’s](#) burgers instead of a Whopper.

One customer says, “If Burger King doesn’t have the Whopper, they might as well change their name to Burger Queen.”

Wall Street is impressed.

“The Burger King story is on track, and the stock has avoided much of the pain felt in the restaurant group,” said Joseph T. Buckley, an analyst at [Bear Stearns](#), in a Jan. 31 note to investors.

“Burger King is making a nice comeback,” John Owens, an analyst at [Morningstar](#), wrote in a Jan. 31 investor’s note. “We think there is further upside for the burger chain.”

Burger King’s stock has increased 32 percent in the last year, closing on Friday at \$26.52.

It wasn’t too long ago that Burger King was in the dumps, a neglected arm of the liquor giant [Diageo](#) that was plagued by inconsistency, management turmoil and the occasional grungy restaurant. The burger chain was sold to a private equity group in December 2002. Two years later, the turnaround artist Gregory D. Brenneman was brought in to revive the company.

Mr. Brenneman succeeded in beginning a turnaround. But he abruptly announced his departure in 2006, just as the company was preparing for a public offering, and some worried that it could derail the company’s fragile comeback.

He was succeeded by the company’s president and chief financial officer, John W. Chidsey, the 11th person to hold the chief executive’s job since 1989, according to a Morningstar report.

In many ways, Burger King has deployed some of the same plays that McDonald’s used so successfully in pulling itself out of a slump five years ago, sprucing up existing restaurants and driving traffic with a dollar menu. But McDonald’s also had an image problem that has largely escaped Burger King.

Remember “Fast Food Nation” and “Super Size Me”? Both aimed at McDonald’s, suggesting that its menu of supersize burgers and drinks was at least partly the reason Americans are so fat. After floundering for several years, McDonald’s responded by dumping its supersize menu and introducing a flurry of new, healthier menu items like salads and apple dippers.

It brought moms back to McDonald’s and helped to restore its reputation — though the dollar menu including double cheeseburgers and fries may have had a lot to do with that.

Burger King offers a few salads, too. But you get the sense that they are there just in case a guy brings along his girlfriend or little brother, and that the company couldn’t care less about its image among the chattering class.

When McDonald's and Yum Brands agreed to pay farm workers in Florida a penny more per pound to pick tomatoes, Burger King dug in its heels and refused.

Its menu is focused on fast-food basics writ large, and its advertising gleefully pushes its gargantuan portions.

Can you imagine how much grief McDonald's would get if it ran a commercial of a man stretching his mouth, snake-like, to scarf down a Big Mac? In the Burger King ad, the diner wraps his mouth around a Triple Whopper.

“BK is pretty shameless with regards to portions,” Lisa Young, a dietitian in New York who has tracked the increase in portion sizes at fast-food restaurants, wrote in an e-mail message. “Bigger than McD. Lots of promotions such as BK Stackers. The Quad has 1,000 cal, no veggies allowed!”

The Triple Whopper with cheese has even more calories, 1,230. The BK Stacker with four patties of meat (the Quad) does indeed have 1,000 calories.

If there was ever any doubt, Burger King has proved that there is a sizable audience for hefty burgers.

“When all is said and done, we like to eat burgers and fries,” said Mr. Goldin, who noted that other fast-food chains like Hardee's had also embraced the big-is-better philosophy.

In other words, fat never really went out of style.

While Burger King is rolling, it still has a long way to go before Wall Street treats it with the same reverence as McDonald's.

A Burger King restaurant generates an average of \$1.25 million annually in revenue, compared with \$2.2 million at a McDonald's, according to Morningstar.

Burger King hasn't raised prices as aggressively as its competitors, analysts say. It has not yet introduced menu items like wraps to draw customers for midday snacks, the way McDonald's has.

And many analysts point out that Burger King has yet to find a winning breakfast menu, which may be a non-issue because some of its core customers don't wake up until noon.

If raising prices and adding wraps to the menu doesn't work, Burger King can always turn to its most prized customers, who are offering advice in homemade videos.

“BK Stacker medium,” says a customer in one such video, available on YouTube. How big? “I want Octo.”